

January – February
2001



WASHINGTON STATE
GAMBLING COMMISSION

Focus n Gambling

2001 LEGISLATIVE UPDATE

The Gambling Commission has one agency request bill currently before the Legislature and was tracking several other bills that would have impacted or were of interest to our agency. The deadline for when a house bill had to be passed out of its original committee was February 27; the deadline for Senate bills was February 28. However, because of the earthquake, the February 28 deadline was extended to March 5. Bills not passed out of those committees by the deadlines are probably "dead."

The current session is scheduled to end on April 22; if a special session is called, this ending date would be extended. You may access information about progress of any particular bill by going to the state web site under www.leg.wa.gov and clicking on "Bill Information."

Agency Request

House Bill (HB) 1307/
Senate Bill (SB) 5064
Cheating at Gambling

This bill combines the definition of cheating and penalties into a single statute. It will separate cheating into two degrees. Any cheating involving two or more people (or at least one licensee) would be a class B felony.

Cheating by a single individual (as long as the person was not a licensee) would continue to be a gross misdemeanor. For more details, see the November/December 2000 newsletter. The Senate bill is out of committee and waiting action by the full Senate.

Legislation with Significant Impact on the Gambling Commission

HB 1446/SB 5429

Electronic Bingo

These bills would have authorized charitable and nonprofit bingo licensees to operate up to 200 electronic (Class II) bingo devices on their bingo premises seven days a week. This would not have allowed slot machines or Tribal Lottery Devices. The Gambling Commission would have adopted rules for testing, approval, licensing, and regulation. There were hearings in both the House and Senate. As amended, the House version would allow up to 50 machines 5 days a week. This version has passed out of committee and is awaiting action by the full House.

HB 1797/SB5905

Waiver of Immunity

These bills would have waived the state's sovereign immunity (11th

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Commissioners:

Liz McLaughlin, Chair
George Orr, Vice Chair
Judge Marshall Forrest (Ret.)
Curtis Ludwig
Alan Parker

Ex-Officio Members:

Senator Margarita Prentice
Senator Shirley Winsley
Representative Alex Wood
Representative Jim Clements

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Administration:

Executive Director Ben Bishop
Executive Asst. Shirley Corbett

Human Resources:

Director Phyllis Halliday

Policy & Government Affairs:

Deputy Director Ed Fleisher

Program Managers:

Business Office:

Bob Sherwood

*Communications & Legal Department
and Financial Reporting Services:*

Amy Patjens

Electronic Gambling Laboratory:

Dallas Burnett

Information Services:

Tom Means

Operations:

Deputy Director Bob Berg

Field Operations:

Assistant Director Cally Cass-Healy

Program Managers:

Eastern Region:

James Dibble

Northwest Region:

Greg Thomas

Southwest Region:

John Brinsmead

Tribal Gaming Unit:

Mike Tindall

Licensing Operations:

Assistant Director Derry Fries

Program Manager:

Licensing Services:

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Intelligence Unit:

Neal Nunamaker

Special Investigations:

Program Manager:

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amendment) defense in federal court cases involving disputes arising under IGRA and the State/Tribal compacts, conditional upon the Tribe giving a similar waiver. An amended version of the Senate bill passed out of the committee and is awaiting action by the Senate.

SB 5553 Task Force on Combining Gambling Agencies

This bill would have created an 18-member task force to study combining the Gambling Commission, the Lottery Commission, and the Horse Racing Commission into a single agency. The Chair of the Gambling Commission would have been one of the members. The task force would have reported to the legislature by 12/1/2001. In the past, the proposal was to merge the Liquor Control Board, Lottery Commission, and Gambling Commission. There was a hearing in the Senate, but the bill did not pass out of committee.

SB 5487 Prohibiting Smoking in House Banked Card Rooms

This bill would have added the category of "facilities licensed by the gambling commission to operate house-banked card rooms" to the locations where smoking is not allowed. Further, it would have removed the ability of a bar, tavern, bowling alley, or restaurant with a house-banked cardroom license to be designated as a smoking area in its entirety as is presently allowed. There was no hearing on the bill.

SB 5573 Raffles by Student Groups and Public Hospitals

This bill would have allowed public student groups and public hospital associations to conduct unlicensed raffles up to a calendar year maximum of \$15,000 in gross receipts with no more than \$5,000 per individual raffle. It would have exempted these raffles from local taxation. NOTE: ASB and Parent/Teacher Associations are currently authorized to conduct two public unlicensed raffles per year with a total combined gross receipts of \$5,000. This bill is out of committee covering student groups only and is waiting for action by the full Senate.

SB 5645 Issuance or Renewal of Gambling Licenses

This bill would have required the Gambling Commission to give notice to local governments before issuing or renewing any gambling license and allow local governments to file written objections to licenses and to request a formal public hearing. It would have allowed the commission to deny a license based on public safety concerns. There was no hearing on this bill.

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The above list is current as of March 5. If you have general questions or concerns, you may contact Amy Patjens at (800) 345-2529 ext. 324, or Ed Fleisher at ext. 307. If you have specific comments you want the legislature to consider, please contact your local senator or representative directly. ?

POOLING TIPS - HOW RULE CHANGES ARE MADE

By: Susan Arland, Rules Coordinator and Public Information Officer

Recently, a letter was sent out to card room operators regarding proposed changes to card room rules, including a change to require card room employees to pool tips. This letter has generated a lot of letters and telephone calls. Since it was sent, staff has decided not to propose this rule to the Commissioners and a subsequent letter was sent to all card rooms notifying them of this.

However, we thought this was an excellent opportunity to explain more about how the rules process works. Several people interpreted the letter as meaning the rules were going to be passed at the March meeting. That was not accurate, the rules were going to be discussed again at the March informal study session and then would have been discussed at the next three Commission meetings.

It is important to remember that all rule changes go through an open rule making process. At a minimum, this process takes three months and involves seeking input from stakeholders. Following is some information regarding where rule changes come from and how they are processed.

Where do rule changes come from?

Rule changes originate several different ways:

- 1) Licensees and the public (stakeholders) may

bring forward issues at informal study sessions. See below for more information on informal study sessions;

- 2) A task force may be brought together to study a situation or problem;
- 3) Staff may initiate changes to make a program function better or accomplish more;
- 4) Rules may be needed because of a new law; and
- 5) The general public may petition the commission for a rule change.

What is an informal study session?

Informal study sessions are held Thursday morning of each Commission meeting. Generally, Charitable and Nonprofit groups meet 10:00 a.m. – 11:00 a.m., and Commercial operators meet 11:00 a.m. and 12:00 noon. Study sessions are open to everyone, including licensees and the public, and everyone is encouraged to attend.

These informal meetings provide a forum for the industry to discuss issues and concerns with agency staff. At these meetings, rule changes may be proposed, either by staff or the industry, as a solution to problems or concerns. Normally, all rule proposals are discussed at the study

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sessions prior to a rule actually appearing on a formal Commission meeting agenda. For any proposed rule change to be considered for permanent adoption, it must proceed through the formal rule adoption process (See “How are rule changes approved” below).

How are rule changes approved?

Our Commissioners must adopt all changes made to Gambling rules. Just because a rule is on an agenda does not mean the rule will be adopted as a permanent rule. Proposed changes are placed on meeting agendas to generate discussion.

Proposed rule amendments are published in the agency’s monthly Commission meeting agenda and then filed, discussed and adopted at Commission meetings. Rules are presented to the Commission by staff, along with an explanation of why the changes are proposed. The public and licensees are encouraged to attend meetings and provide input.

Rules generally appear on three monthly Commission meeting agendas. At the first meeting rules are “Up for Discussion and Possible Filing;” the second meeting “Up for Discussion;” and the third meeting “Up for Final Action.” When rules are Up for Final Action, the Commission may choose to adopt the rules, hold them over for further discussion, or completely remove them from the agenda without adopting them.

How can I find out if a rule change is being discussed?

You can stay informed several ways:

- 1) Agency bi-monthly newsletter;
- 2) Agency website at www.wsgc.wa.gov - Commission meeting agendas are posted on the agency website approximately two weeks prior to each meeting. Review each meeting agenda to determine if there are issues you would like to become involved with. If you would like to receive a hard copy of monthly agendas in the mail, please call headquarters at 1-800-345-2529, ext. 397,

and ask to be added to the mailing list. Furthermore, if you are interested in the discussion surrounding proposed rule changes, meeting minutes are also posted on the website;

- 3) Attend the informal study sessions;
- 4) Attend Commission meetings; and
- 5) There are several industry groups that usually send a representative to Commission meetings and then relay information back to their members. You may consider joining one of these groups as a way to keep informed of upcoming issues and concerns.

How can I comment on a rule that is on the agenda?

If you would like to comment on a proposed rule change that is on a Commission meeting agenda and are unable to attend the meeting, please submit your comments in writing to Commission Headquarters at P.O. Box 42400, Olympia, WA, 98504, attention Rules Coordinator. If you can attend the meeting, you are encouraged to do so.

Furthermore, you may attend informal study sessions held prior to the Commission meeting and share your thoughts and concerns with staff and other industry representatives.

It is much better for us to be aware of concerns quickly, rather than having issues brought up several months after a rule has been adopted. We want to hear your comments on the rules, so please feel free to submit them.

How can I find out when the next Commission meeting will be held?

The 2001 monthly Commission meeting schedule is posted on the agency website, under Public Meetings. This is also where meeting agendas and minutes are posted, along with the text of the proposed rule changes and a summary of the proposed changes. The schedule also appears in the newsletter.

When do rule changes become effective?

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Generally, rules become effective either January 1 or July 1. This allows time to train staff, and change processes and forms, if needed. However, under special circumstances, the Commission may specifically request, on the record, that a rule becomes effective 31 days from adoption. ?



JUST THE FAQ'S (FREQUENTLY ASKED QUESTIONS)

Submitted by the Special Actions Team

The following questions are often asked of the Licensing Services Special Actions Team by applicants for gambling licenses:

1. What is a UBI Number?

A UBI Number (Unified Business Identifier) is assigned by the Department of Revenue to identify your business. It is a nine-digit number that typically begins with the number six.

2. What is an IRS Exemption code?

An IRS Exemption code is a 501-c status code issued to a nonprofit or charitable organization by the Internal Revenue Service. The number that appears after the "c" identifies the purpose of the organization as classified by the IRS (i.e. 501-c3, 501-c4, etc.)

3. Our CEO is the Chairman of the Board and not the President. Who should sign the application?

WAC rule requires the Highest Ranking Officer/ Official sign the application. If the Chairman of the Board is the highest-ranking officer/official, then he/she is required to sign the application.

4. The President (or equivalent) is not

associated with the gambling activity in our organization; why does he/she need to sign the application?

The highest-ranking officer is responsible for all activities conducted by the nonprofit organization, whether they are directly involved in an activity or not. This person (and all officers) has a fiduciary responsibility to the organization to ensure that all activities are conducted legally. If, for example, a major embezzlement scheme is discovered within the gambling activity, the officers will be held accountable for what internal controls were in place to protect the organization's assets.

For further information on officer responsibilities, the Gambling Commission offers a video on this topic. If you do not have one for your organization, contact the Receptionist at ext. 300 and she will send one to you.

5. I received a renewal notice for my punchboard/pull-tab license. After reviewing my records, I realized I am operating at a

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class lower than what I am currently licensed for. Can our business renew at the lower class? If, so, what is the procedure for doing this?

First, we must receive verification that you are operating at a lower class. The gross gambling receipts for the past 12 months must be provided. They may be faxed if time is a critical factor. If you can prove your business is operating at a lower class by providing verification of the gross receipts, you will be able to renew at the lower class. This can be done after submitting a completed renewal application and correct fees to our headquarters office before the expiration date.

6.Can I request a refund of license fees if I did not achieve the level of gross gambling receipts for which I was authorized?

Yes, per WAC rule 230-04-260 (5), a licensee is allowed to apply for a partial refund of its license fee when its annual gross gambling receipts are less than the minimum for the class of license issued. The amount of refund shall be the difference between fees actually paid to operate during the period and those fees that would normally apply to the level of gross gambling receipts actually received during the period. Your request should be made after the end of any annual license period and before the end of the next annual license period. Please submit a written request for a refund at the end of your license year along with your fourth Quarterly Report to the Commission.

7.For how many years prior can a refund request be made?

Only one year. WAC rule 230-04-260 (5) states that a request shall be made after the end of **any** annual license period and **before** the end of the next annual license period.

8.Can I get a list of all active and pending house-banked card rooms?

Yes. A list is posted on our web site (www.wsgc.wa.gov). If you do not have Internet access, you may give us a call at our Lacey headquarters office, (360) 438-7654, ext. 300.

This list is updated once per month after Commission meetings.

9.Is it necessary to fill out the “Commercial Stimulant Worksheet?”

Yes. This worksheet will be used to determine if your business may continue to hold a gambling license as a bona fide food and/or drink business. Per WAC and RCW, your business must be primarily engaged in selling food and/or drink for on-premises consumption.

10.I am a Card Room Employee and I received a letter from WSGC stating that my license is now surrendered. It states that if I plan to work at another card room, I may be required to send another application and fee. What are the necessary steps I must take when a letter of this type is received?

The notification portion of this requirement was recently changed. Effective March 12, 2001, WAC 230-04-142 states that an employer must notify the WSGC within seven (7) days of termination of card room employees. This is a notification that you are no longer linked to that business and since you are not employed at another licensed cardroom, your license has been placed on a surrendered status. Before you begin working as a licensed cardroom employee, you are required to contact our office. We will advise you if a Transfer Application and fees are needed, or if additional information is necessary to reinstate your license. Please contact our office directly at 1-800-345-2529, ext. 367. ?

WHAT IS THE DIFFERENCE BETWEEN A RCW, WAC AND POLICY?

By Susan Arland, Rules Coordinator and Public Information Officer

In speaking with licensees and the public, Commission staff will sometimes refer to a requirement as RCW, WAC or a Policy. It is important to understand what the differences are and how to properly use the information to ensure that you are not in violation.

RCW stands for Revised Code of Washington, also known as Washington State law or statute. Laws are passed by the Legislature and agreed to by the Governor, either by his formal signature on the law or by his inaction. They start out as proposed bills. After laws are passed, it is up to the individual agency that is affected by the new or changed law to write rules to implement the laws. Statutes and rules are what allow a state agency to do what it does. All authority to write rules comes from statutes. **Violations of the RCW laws are usually handled through the criminal justice system and may, if just cause is found, lead to jail time.**

WAC stands for Washington Administrative Code, also known as Washington State rules or regulations. Rules set forth details that are not covered in the law, such as recordkeeping, licensing requirements, fee schedules, limitations on hours of operation, etc. A rule may not be written in a manner that exceeds the authority established by the rule's "enabling statute" – the statute on which the rule is based (see above RCW). In other words, the statute sets the boundaries of what a rule may do. **Some violations of WAC rules are handled through the administrative procedures process and may, if just cause is found, lead to loss of your gambling license(s).**

Policies are used to handle issues that are not addressed in law or rules. Policies usually clarify smaller issues and questions that arise. When an issue is not clearly addressed in the law or rules, staff can refer to a policy for

clarification. This provides staff with a consistent interpretation of an issue; however, policies can change from time to time, depending who is in charge of setting policy, which is why rules are sometimes preferred (more people are involved in the discussions and they are "codified" in the rules).

IMPORTANT NOTE ON POLICIES: If you call your agent or Commission headquarters to talk about something that is not specifically addressed in a law or rule, staff will refer to a policy. In the event there is no policy, staff may provide their interpretation of a law or rule. It is important that you write down the name of the person you spoke with, the date of the conversation and what was discussed. Some policies are written, others are not. If the staff member you spoke with indicated that this was a written policy, you may request a copy; however, many policies are not written and staff may not be able to supply you with such a document. A good thing to be aware of is that staff will not generally provide a written response to a request over the telephone. To receive a written response, the request must be in writing.

In the past, some licensees have indicated they received permission from "staff" to do a particular activity. In the event you are doing something that is not appropriate, we need to follow-up with the person you spoke with. If you cannot provide a copy of correspondence or the name of the person you spoke to, there is no way to follow-up. Therefore, remember to request a copy of the policy, if available, and record the date and name of the staff you spoke to. This will protect you by eliminating misunderstandings in the future and may avoid instances where warning letters or administrative charges are warranted. ?

RULES MANUAL UPDATE

The last Rules Manual was published February 1999. In the past, it has been the Commission's practice to update rules manuals every two years. Some licensees have inquired when they can expect to receive an updated manual. We anticipate a new rules manual will be published August 2001. The cost of the new manuals has been budgeted into our next fiscal biennium (which begins July 2001).

All licensees will receive a new rules manual at that time. However, new manuals will not be provided to each card room employee. There are approximately 5000 card room employees and 5000 other licensees. Not only is it cost prohibitive to send manuals to all licensees, it is duplicative, since card room employees have access to the manuals at their job. If a card room employee would like a manual, we'll be

more than happy to send them one, subject to availability.

We appreciate your dedication to utilizing your current rules manual and look forward to providing you with an updated version this summer. In the meantime, if you feel an updated or new rule is missing from your manual, please contact your local field agent, or Susan Arland, Rules Coordinator and Public Information Officer, (800) 345-2529 ext. 374.



MEET THE COMMISSION STAFF

In February, Lisa Saila was appointed as the new Manufacturer/Distributor Coordinator to replace Cori Hanson who left the agency for a position with another law enforcement agency.

Lisa began working for the Commission in September 1996 as a Special Agent in the Tacoma office. She graduated from the Basic Law Enforcement Academy in August 1997 and in November 2000, received certification as a Handgun Firearms Instructor for the agency. Most recently, she was assigned to a Phase II team for house-banked card rooms and regulated various house-banked card rooms. In her current position, she will continue to perform the Phase II reviews and regulate house-

banked cardrooms.

Lisa graduated in May 1996 from Saint Martin's College in Lacey with a Bachelor of Arts in Accounting. Prior to working at the Commission, she coached high school girls basketball. She was married in September 2000 and her spare time is spent with husband Jason and her yellow lab Rosey. She enjoys snow skiing, hiking, and playing basketball and softball.

Lisa lists the following objectives in her new position:

- Utilize the resources and experience of all Gambling Commission personnel to

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collectively create a consistent and cohesive informational environment; and,

- Re-emphasize the enforcement of criminal activity sometimes associated with the pull-tab industry. ?



WASHINGTON STATE GAMBLING COMMISSION LATE REPORTING ADMINISTRATIVE UPDATE



LICENSEE	VIOLATION	CASE OUTCOME
Index Tavern, Index	Failure to submit Quarterly Activity Reports in a timely manner.	A Statement of Charges was issued. The licensee did not respond. An Order of Default revoking Index Tavern's license was entered by the Commissioners at the February Commission meeting.
Crosswalk Tavern, Arlington	Failure to submit Quarterly Activity Reports in a timely manner.	An Agreed Order was entered. Licensee agreed to a 20 day suspension: 15 days deferred for 1 year; 5 days vacated by payment of \$750.
Cactus Jack's Grill & Saloon, Spokane	Failure to submit Quarterly Activity Reports in a timely manner.	An Agreed Order was entered. Licensee agreed to a 15 day suspension; 5 days were deferred for 1 year; 10 days were vacated by payment of \$500.
Beagle Club Restaurant & Lounge, Tacoma	Failure to submit Quarterly Activity Reports in a timely manner.	An Agreed Order was entered. Licensee agreed to a 15 day suspension; 5 days were deferred; 10 days were vacated by payment of a \$500.
Fraternal Order of Eagles, #3002,	Failure to submit Quarterly Activity Reports in a timely manner.	An Agreed Order was entered. Licensee agreed to a 15 day suspension; 5 days were deferred for 1 year; 10 days were vacated by payment of \$500.

Mission Statement

**Protect the public by ensuring that
gambling is legal and honest.**



Financial Reporting Services Reports

The following licensees failed to submit their quarterly reports when due. They have submitted their reports now and paid the appropriate fine based on the number of late reports in the preceding one-year period.

<u>LICENSEE/LOCATION</u>	<u>FINE</u>	<u>YR/QTR</u>
Billy's Wild Horses/Spokane	\$200	00/3
Boots Tavern/Black Diamond	\$200	00/3
Castaway Tavern/Kent	\$200	00/3
Clayts Tavern/Des Moines	\$200	00/3
Coach House Restaurant/Spokane	\$200	00/3
Galley Restaurant & Lounge/Lopez	\$200	00/3
Harold's Gay 90's Pizza/Freeland	\$200	00/3
Kick Back/Camas	\$200	00/3
Moezy Inn/Tavern/Spokane	\$200	00/3
Redmond Hotel Café/Redmond	\$200	00/3
Sage Bar/Grill & Casino/Spokane	\$200	00/3
Wagon Wheel/Medical Lake	\$200	00/3
White Buffalo Saloon/Kirkland	\$200	00/3
Dirty Shame/Spokane	\$600	00/(1&2&3)

Following is the schedule of fines used during settlement agreements for reports submitted late. If no report is submitted, the licensee will be issued a statement of charges.

Schedule of Fines

First Offense.....	\$200
Second Offense.....	\$400
Third Offense.....	\$600
Fourth Offense.....	No Fine – A Statement of Charges is automatically issued.

Subsequent offenses may lead to loss of license

FAILURE TO SUBMIT QUARTERLY ACTIVITY REPORTS IN A TIMELY MANNER

In the July/August newsletter, we included an article notifying licensees that the Gambling Commission would be taking swifter action against businesses that failed to submit their Quarterly Activity Reports (QARs) on time.

The Gambling Commission staff's policy in these cases is to make one telephone call to the licensee, requesting that they submit their report immediately. If we do not receive the report, a settlement document will be mailed to the licensee. The licensee will then have the opportunity to return the signed settlement to our agency, along with payment of a fine, and the QAR. If the settlement and fine are not received by the Gambling Commission, the matter will be turned over to our legal department.

At this point, the licensee will receive a second telephone call, this time from the legal department, requesting that the licensee forward the signed settlement, fine and QAR.

If that does not occur, the next step is that the Director will issue a Statement of Charges to suspend or revoke the gambling license(s). **At this point, it is too late to simply submit the Quarterly Activity Report and Settlement in Lieu of Charges.**

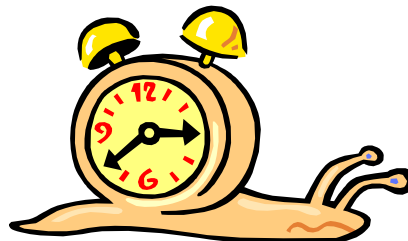
The licensee must respond to the Statement of Charges by requesting a hearing, or agreeing to the settlement offer included with the charges. There will be a fine assessed between \$500 and \$1,250; the settlement may also require a suspension for several days. The licensee has twenty days to respond to these charges. If they do not respond, they will be considered to be in default, and an Order revoking their gambling license(s) will be entered with no further notice to the licensee. Please note: A long standing policy of this agency is "No Report = No License." Protect your license by timely submitting all reports.

Since October 2000, we have issued charges to fourteen (14) businesses due to their failure to submit their QARs in a timely manner. Most of these cases have been settled. However, the Index Tavern in Index, Washington, did not respond to the Statement of Charges, and an Order of Default was issued at the February Commission meeting, revoking their pull-tab license. This is definitely the worst case scenario for any licensee.

The Gambling Commission's goal is to encourage voluntary compliance with our rules. To avoid the risk of administrative charges and perhaps losing your right to conduct gambling activities, please make sure your Quarterly Activity Reports are submitted within thirty days after the end of the quarter.

If you have questions about how to complete the reports, our Financial Reporting Services (FRS) staff is always happy to help. Just give them a call at (800) 345-2529, extension 327.

Staff extends a big thank you to all of the licensees who consistently submit their reports on time. We appreciate it!





WASHINGTON STATE GAMBLING COMMISSION

ADMINISTRATIVE CASE UPDATE



LICENSEE	VIOLATION	CASE OUTCOME
Tarl Medina, CRE (Last known employer, Paradise Bowling Center & Casino, Tacoma)	Failure to comply with conditions for licensure. The licensee failed to make his court order restitution payments, and failed to submit quarterly reports of this to Commission staff.	Mr. Medina received a conditional card room employee license in April 2000, after an appeal before the 5 member Commission. His license was conditioned upon his timely payments of court ordered restitution, and providing quarterly proof of those payments to Commission staff. In November 2000, charges were issued due to his failure to comply with those conditions. An Agreed Order was entered. The licensee agreed to serve a 14 day suspension, and to provide monthly proof to Commission staff that he was making his court ordered restitution payments. After entry of the Agreed Order, the licensee's employers withdrew their sponsorship, which was also a condition of licensure. Therefore, Mr. Medina's conditional license was voided.
Sugarloaf Creations, Boulder, Colorado	Placement of commercial amusement games in unlicensed premises.	Settlement in Lieu of Administrative Charges. The licensee agreed to pay a fine of \$3,600.
Club Broadway, Everett	Employing an unlicensed service supplier; misrepresenting material facts to Commission Staff.	Settlement in Lieu of Administrative Charges. The licensee agreed to a 30 day suspension, deferred for 1 year, and paid a \$600 fine.
Byron DeSautel, CRE (Last known employer, Freddie's Club, Auburn)	<i>Cheating as a player at Muckleshoot Casino, while employed as a dealer at Emerald Queen Casino.</i>	The licensee's license was revoked for 1 year.
Milton Ganuelas, CRE (Last known employer Ruby's Casino, Kent)	Theft of Toke Account <i>while working as a dealer at Freddie's Club, Renton.</i>	An Agreed Order was entered. The licensee agreed to surrender his license for five years.
Liem Nguyen, CRE (Currently employed at Jimmy G's, Tacoma)	Participation in a scheme to steal from toke account <i>while working as a dealer at Freddie's Club, Renton.</i>	An Agreed Order was entered. Licensee agreed to a 30-day suspension, served 21 days, and deferred 9 days for 1 year.
Stephanie Allman, CRE (Last known employer, Royal Casino, Everett)	Dealer Cheating <i>while employed at Royal Casino.</i>	An Agreed Order was entered. Licensee agreed to surrender her license for 1 year.
Robert Clark, CRE (Currently employed at Royal Casino and Freddie's Club, Everett)	Asking a witness to make false statements to Commission staff <i>while employed at Royal Casino.</i>	An Agreed Order was entered. Licensee agreed to a 60 day suspension; 39 days were deferred for 1 year; 21 days were served.



WASHINGTON STATE GAMBLING COMMISSION ADMINISTRATIVE CASE UPDATE CONTINUED



LICENSEE	VIOLATION	CASE OUTCOME
Riverhaven Restaurant, Hoquiam	Operating for 21 months with an expired license and failure to submit Quarterly Activity Reports.	Settlement in Lieu of Administrative Charges. Licensee agreed to pay a fine of \$6,256.60 in lieu of a 60-day suspension.
Spokane Valley Foundation, Spokane	Internal Control Violations	An Agreed Order was entered. The licensee agreed to a 30 day suspension; 15 days were deferred for 1 year; 15 days were vacated by payment of a \$3,500 fine.
Sports Keg Casino, Burlington	Allowed an unlicensed and unqualified person to become a substantial interest holder, and/or to operate as an agent of the licensee; failed to maintain adequate internal controls, and failed to disclose a loan exceeding \$2,000.	An Agreed Order was entered. The licensee agreed to a 60 day suspension of their cardroom license. 15 days were vacated by payment of a \$10,305 fine; 45 days of the suspension will be served beginning March 16, 2001, through April 29, 2001. The licensee also agreed to a 15 day suspension of their punchboard/pull tab license, which they vacated by payment of a \$1,230 fine. The licensee agreed to reimburse the Commission \$9,550 for its investigative and administrative costs. The total amount paid by the licensee was \$21,085.
William Schill, CRE (Ed Dorado Club, Tacoma)	Denial of license application due to criminal history.	A Statement of Charges was issued. The licensee did not respond. An Order of Default denying Mr. Schill's application was entered by the Commissioners at the February Commission meeting.

ADMINISTRATIVE RULES CHANGES

The following rules were adopted at the February 2001 meeting.

Bingo Net Return Task Force Rules Package

These rules will become effective April 1, 2001, to coincide with the second quarter.

During the past two years, the Bingo Net Return

Task Force has been working to develop net return requirements that are less complicated and easier to use. In the past, bingo operators who failed to meet their net return requirements were subject to a license reduction. Prior to the license reduction, licensees could request a waiver from the director, who reviewed the licensee's case to determine if they could meet

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net return requirements in the future. In addition to work accomplished by the task force, the Commission directed staff to develop a new bingo income regulatory program with four objectives:

- 1)Simplify the process to focus on the dollars available for programs from the bingo operation;
- 2)Allow flexibility to operate bingo without unnecessary regulatory interference;
- 3)Any sanctions for noncompliance should be tough but fair; and
- 4)Find a permanent solution that will stop annual emergencies.

The "significant progress" rule (WAC 230-08-255) was amended and adopted at the November 2000 meeting. The remaining bingo rules were held over to allow Commission staff time to work on coming up with something that was fair to everyone.

We believe the rules adopted at the February meeting meet the Commission's goals. Net income and positive cash flow requirements were replaced with an "adjusted cash flow" requirement. This simplifies the requirements and better reflects the measurement on the dollars available from the bingo operation for the stated purposes of the charity or nonprofit.

The emphasis was changed from the minimum income that organizations are expected to make for their programs, to the minimum return acceptable to retain a bingo license. The number of licensees that will be monitored has been reduced from over 100 to 47. This means that the new adjusted cash flow requirements will be followed by only the top 47 bingo licensees. However, all bingo licensees must ensure that they do not have a negative cash flow for their bingo operation.

The Commission noted repeatedly that these new standards are the minimum requirements and that all organizations should be striving to return the most dollars possible to their stated purposes.

New Marketing Schemes for Pull-Tabs

These rules became effective March 12, 2001.

During meetings with the Bingo Net Return Task Force, new marketing schemes for pull-tabs were discussed as a way to promote business for bingo halls.

WAC 230-30-033

Event pull-tab series – Definitions – Restrictions.

This new rule authorizes event pull-tab series, which contain an opportunity to advance to additional rounds of play for additional prizes (a secondary element of chance) known as the event round. Winners of the event round are determined based on pull-tabs which match specific winning numbers drawn in a bingo game.

NOTE: Because event round winners will be chosen only during bingo games, these pull-tab series will only be offered by charitable or nonprofit organizations. Commercial operators will not be able to offer these games.

WAC 230-30-034

Seal card pull-tab series – Definitions – Restrictions.

Seal card games allow players who purchase specific pull-tabs the chance to advance to a second round of play (a secondary element of chance). These players will have the opportunity to win a prize that is hidden under a sealed card located on the flare. Players with specific tickets will enter their names on the flare next to a number. At the conclusion of the game, the closed window on the flare is opened to reveal the winning number. The person whose name is entered next to the winning number is the seal card round winner.

Both commercial and charitable/nonprofit operators will be able to offer seal card games.

WAC 230-30-036

Strip pull-tab series – Definitions –

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Restrictions.

This rule would have authorized two, three, four or five pull-tab series to be combined into one series, known as a strip pull-tab series. At the November meeting, discussion took place regarding the feasibility of offering these types of pull-tabs. Several industry groups felt the market for the games wouldn't be strong enough because of the five-dollar per strip cost and the fact that we couldn't allow a winner in every strip, because that would mean the winners would no longer be "random," which is a requirement for all other pull-tab games.

Therefore, the Commission did not adopt this rule.

Licensing Fees

These rules are effective March 12, 2001.

WAC 230-04-202 Fees – Bona fide charitable/nonprofit organizations.

WAC 230-04-203 - Fees – Commercial stimulant and other business organizations.

WAC 230-04-204 - Fees – Individuals.

In December 1999, the Commission adopted fee increases for licensees. I-722 recently passed by a vote, however, it has been challenged and is currently under review. Because of this, there is a cloud of uncertainty regarding the proper amount licensing fees should be set at. Therefore, an emergency filing was made at the December 2000 meeting to readopt the licensing fee amounts established December 1999.

Emergency rules are only valid for 120 days. Therefore, this filing was made readopt the December 1999, fees on a permanent basis. This filing did not increase license fees; it merely readopted fees at their current level. If I-722 is found to be constitutional, the Commission will make the necessary refunds.

Tracking Card Room Employees

These rules are effective March 12, 2001.

In the past, both a card room operator and card room employee were required to notify the commission when the card room employee began working, transferred to another card room, began working for an additional card room or was terminated. The notification process has been simplified and automated. Now only the employer will notify the commission of changes in card room employees, rather than both the card room operator and the card room employee. However, the card room employee will still have to sign the application when there is a new application or a transfer application. The Commission will be using a new faxing system, which will interface with our new licensing system. The system will be much more automated.

WAC 230-04-140

Licensing of public card room employees – Procedures – Exceptions.

Currently, a card room employee must wait 15 days from when they submit their application to when they may begin working. The agency's new automated system now allows the waiting period to be reduced from 15 to 10 days. This not only reduces the waiting period for card room employees to begin working, it also reduces the number of special waivers issued by staff to card room employees who begin working prior to their waiting period being up.

WAC 230-04-142

Notification to the commission upon beginning, terminating, or changing employment – Public card room employees.

Language was amended to correspond with the new, streamlined reporting process and to require only the employer to report card room employee changes to the commission. Furthermore, the information that is reported to us has been reduced. The form used to report new hires and terminations must be completed by the licensee the day they hire or terminate an employee and must reach Commission

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headquarters within seven business days.

The following new rule was filed at the January meeting.

WAC 230-46-080

Electronic gambling devices used for promotional contests of chance.

RCW 9.46.0356 (6) states that equipment or devices made for use in a gambling activity shall not be used in a promotional contest of chance, unless the device has been approved by the commission. In September 2000, a business requested approval to use an electronic gambling device in conjunction with a promotional contest of chance.

This rule sets out the following requirements for electronic gambling devices when used as a part of a promotional contest of chance: There must be no cost to enter the contest; no video terminal, spinning reel mechanisms or electronic facsimiles; and the machine must be approved by the director.

After discussion with members of the industry, the rule has been withdrawn. Any such

gambling devices used in a promotional contest of chance will be approved on a case-by-case basis as provided for in the statute, and rules will be written only if found to be necessary. ?



Washington State Gambling Commission
2001 COMMISSION MEETING SCHEDULE

April 12 & 13	The Heathman Lodge 7801 NE Greenwood Drive Vancouver, WA 98662 – (360) 254-3100
May 10 & 11	The Inn at Gig Harbor 3211 56 th St NW Gig Harbor, WA 98335 – (253) 858-1111
June 14 & 15	LaConner Country Inn Meeting at Maple Hall (108 Commercial St) 107 S Second Street LaConner, WA 98257 – (360) 466-3101
July 12 & 13	DoubleTree Hotel / Yakima Valley 1507 N First Street Yakima, WA 98901 – (509) 248-7850
August 9 & 10	Howard Johnson Plaza Hotel 3105 Pine Street Everett, WA 982301 – (425) 303-8284
September 13 & 14	Shilo Inn 707 Ocean Shores Blvd NW Ocean Shores, WA 98569-9593 – (360) 289-4600
October 11 & 12	Icicle Inn 505 Highway 2 Leavenworth, WA 98826 – (509) 548-7000
November 8 & 9	WestCoast Silverdale Hotel 3073 NW Bucklin Hill Road Silverdale, WA 98383 – (360) 698-1000

(No Meeting in December)

Rules Note...



On the following pages of this newsletter are the rules that were passed at the February Meeting. They will become effective on the date listed on each rule.

Minor housekeeping changes were made to 16 rules to correct typographical errors and to clarify language without changing its effect. These changes were so minor, they did not have to go before the Commission for approval. The changes became effective
January 6, 2001

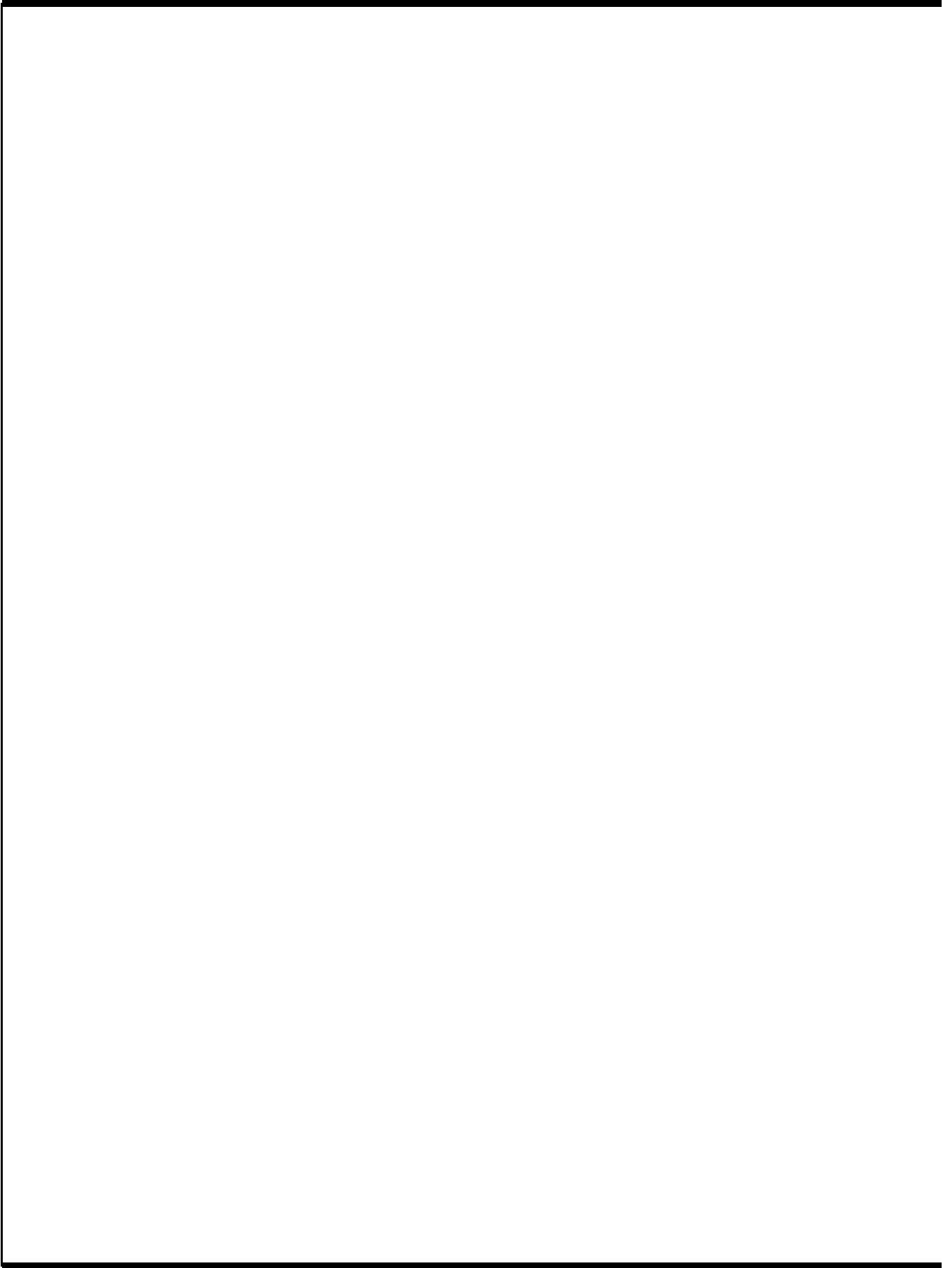
These updated rules will be incorporated in the new rules manual that will be distributed to you next August. If you would like a copy of the rules prior to that, please contact Susan Arland, Rules Coordinator, at 1-800-345-2529, ext. 374.

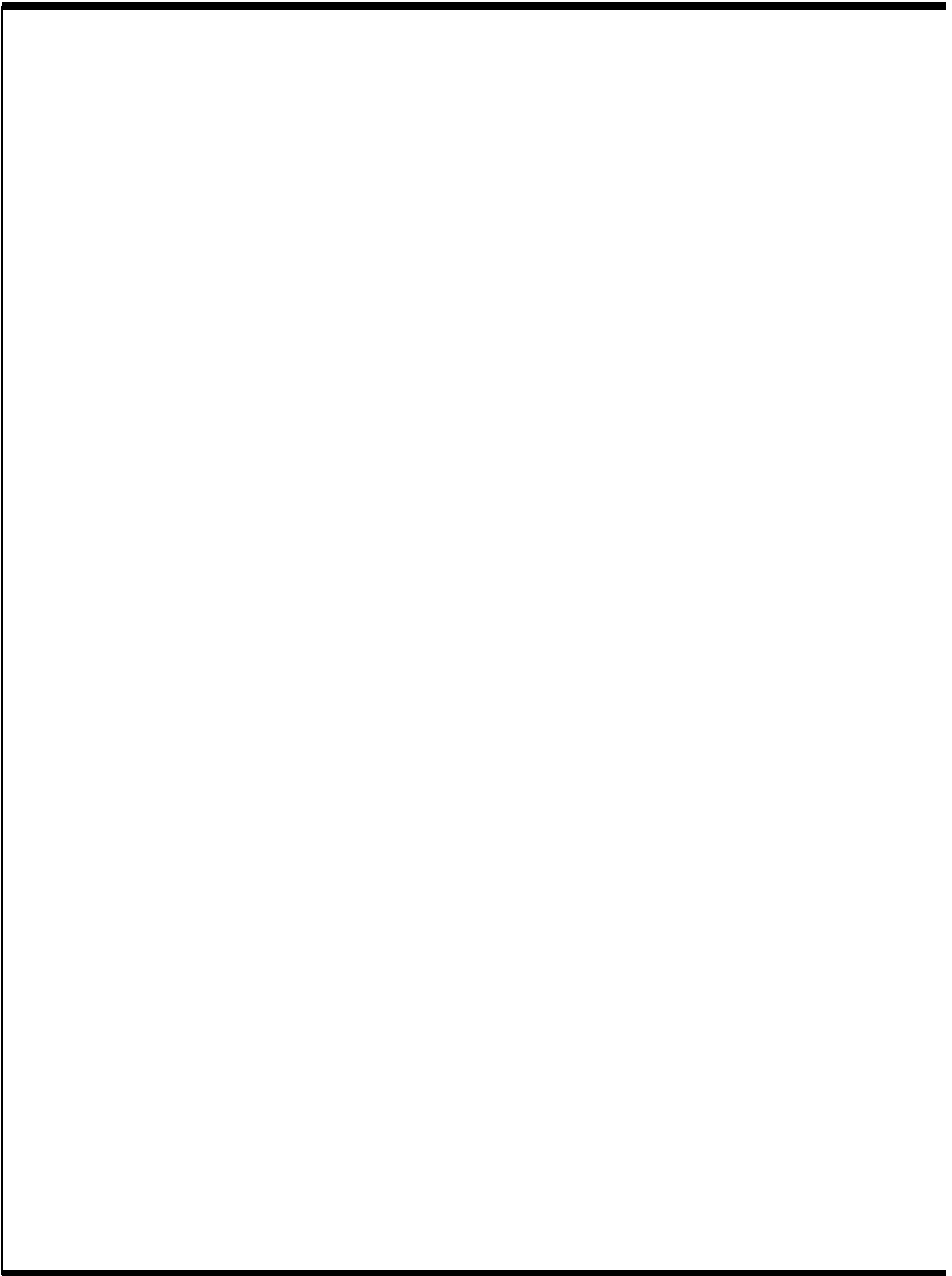
Please remove the attached rules from the newsletter and place it into the appropriate section of your rules manual as required by WAC 230-12-080.

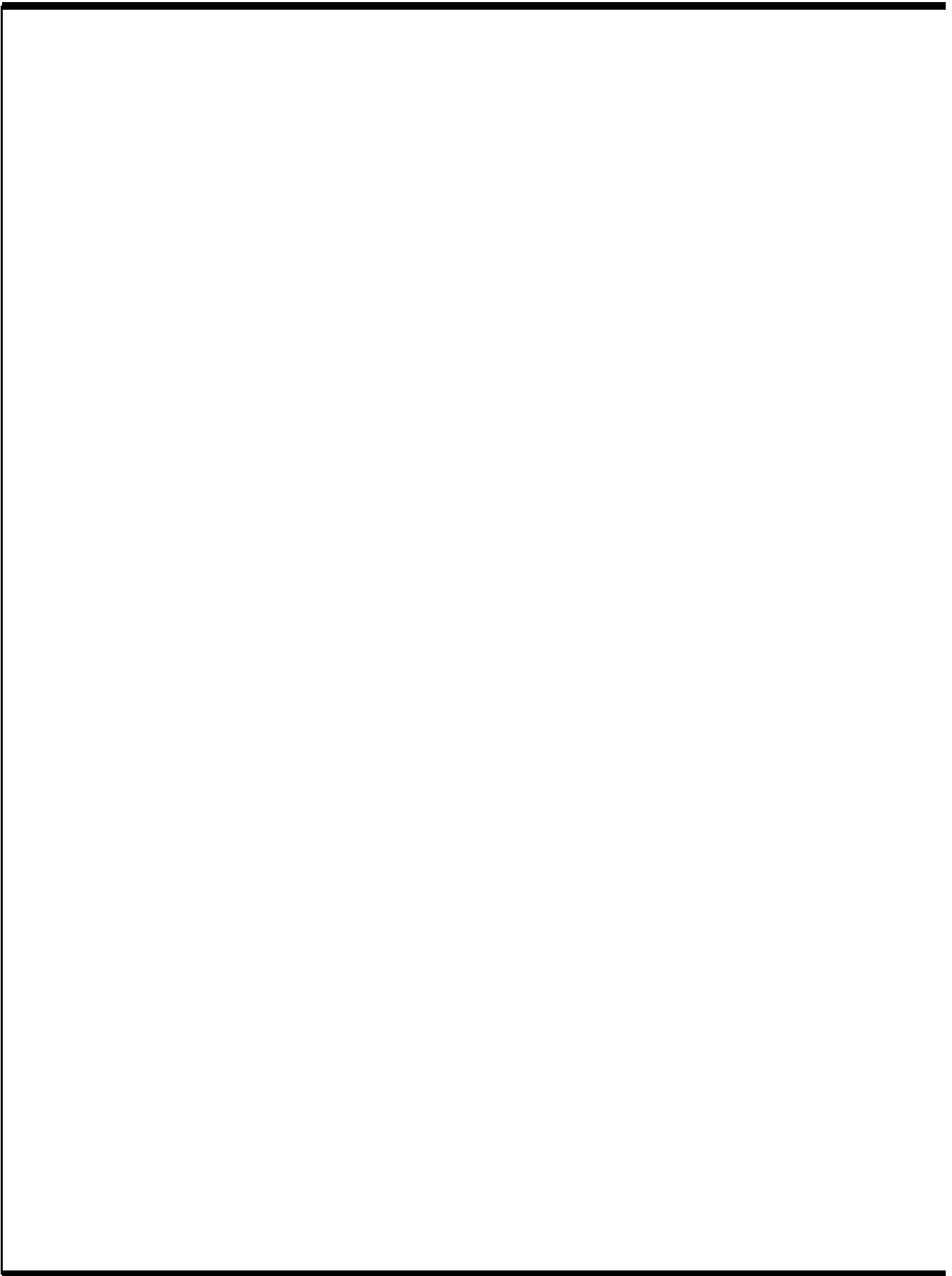
REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 230-02-138	Positive cash flow from the bingo operation — Defined.
WAC 230-02-362	Primary market area defined.
WAC 230-02-364	Secondary market area defined.
WAC 230-02-366	Impact market area defined.
WAC 230-02-530	Circumstances outside the control of the licensee — Defined.
WAC 230-02-535	Permanent interruption of customer flow — Defined.
WAC 230-02-540	Temporary interruption of customer flow — Defined.
WAC 230-20-058	Temporary moratorium for complying with net return requirements.
WAC 230-20-060	Petitioning the director for a variance from net return requirements.
WAC 230-20-062	Minimum net return from bingo games — Sanctions.









Operational Questions/Regional Offices

Lynnwood	(425) 776-6751	Tacoma	(253) 471-5312	Spokane	(509) 456-3167
Bellingham	(360) 738-6203	Yakima	(509) 575-2820	Wenatchee	(509) 662-0435

Headquarters Lacey (800) 345-2529 or (360) 438-7654

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* Call the closest regional office listed above

**Washington State Council on Problem Gambling
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